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Internal Revenue Service (I.R.S.)

Technical Advice Memorandum

January 11, 1982

Section 4481 -- Use of Certain Vehicles Tax (Taxable v. Not Taxable)

4481.00-00 Use of Certain Vehicles Tax (Taxable v. Not Taxable)

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Issue

Whether under the circumstances described below the taxpayer is liable for highway use tax imposed by [section 4481\(a\) of the Internal Revenue Code](#).

Fact

The taxpayer is a resident of the X Indian reservation. He owns and operates a truck-trailer combination which has three axles with an empty weight of more than 13,000 pounds and less than 17,000 pounds. As a resident of the reservation, the taxpayer is not required to register his truck with the state, even if the truck is used on Federal, state or city roads within the state. However, as a resident of the reservation he must register his truck with the X tribal government in order to acquire registration plates. The state grants title of ownership to residents of the reservation because the tribal government has not assumed this responsibility.

The state recognizes the X tribal government as a separate entity which is not subject to the laws of the state. As a result, the tribal government issues registration plates to all owners of motor vehicles who are residents of the reservation. This registration is honored throughout the state.

Applicable Law

[Section 4481\(a\)](#) of the Code imposes a tax on the use of any highway motor vehicle that has a taxable gross weight of more than 26,000 pounds.

[Section 4481\(b\)](#) of the Code provides that the tax is payable by the person in whose name the highway motor vehicle is, or is required to be, registered under the law of the State in which such vehicle is, or is required to be registered.

Section 4482(c)(1) of the Code defines the term 'state' to mean a State, and the District of Columbia.

Section 41.4481-3(a) of the Highway Motor Vehicle Use Tax Regulations states that the term 'registered' when used with reference to a highway motor vehicle means:

- (1) Registered under the law of any State or Territory of the United States or the District of Columbia, or
- (2) Required to be registered under the law of any State or Territory of the United State in which such highway motor vehicle is operated or situated. Any highway motor vehicle which is operated under a dealer's tag, license, or permit is considered to be registered in the name of such dealer. A highway motor vehicle is not considered to be registered solely by reason of the fact that there has been issued a special permit for operation of the vehicle at particular times and under specified conditions.

Rationale

[Section 4481\(b\)](#) of the Code provides that to be held liable for the highway motor vehicle

use tax, the vehicle must be required to be registered under the laws of the state in which the vehicle operates. Since the vehicle in question is not registered or required to be registered under the laws of the state the taxpayer is not liable for the highway use tax.

Conclusion

The taxpayer is not liable for the federal highway use tax imposed by [section 4481\(a\)](#) of the Code on the use of its vehicle.

A copy of this technical advice memorandum is to be given to the taxpayer. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

This document may not be used or cited as precedent. [Section 6110\(j\)\(3\) of the Internal Revenue Code](#).

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